

December 17, 2010

John Mukhar
President, Association of Engineers and
Architects, IFPTE, Local 21

Dale Dapp
President, Association of Maintenance
Supervisory Personnel

Bill Pope
Business Representative, Operating
Engineers, Local No. 3

Nancy Ostrowski
Senior Business Representative, Association
of Engineers and Architects, IFPTE, Local 21

Cay Denise MacKenzie
President, City Association of Management
Personnel

Sal Ventura
Business Agent, International Brotherhood of
Electrical Workers, Local No. 332 (IBEW)

RE: Fiscal Year 2011-2012 Negotiations

As you know, the City is again facing a significant budget shortfall for Fiscal Year 2011-2012. On November 18, 2010, at a Special Council meeting, the City Council approved the following direction for labor negotiations. As noted at the Council meeting negotiations over these items are subject to the meet and confer process.

- An additional 5% ongoing total compensation reduction upon expiration of the 5% one-time total compensation reduction for Fiscal Year 2010-2011
- Sick Leave Payout Reform
- Compensation Structure Reform
- Retirement Reform

In addition to this direction, the City Council also approved the following guiding principles for labor negotiations. More detailed information regarding these guiding principles can be found at http://www.sanjoseca.gov/clerk/Agenda/20101118/20101118_0303a1sup.pdf.

1. Commence Negotiations in January 2011
2. Continue Using a Total Compensation Approach
3. Savings Must be Achievable & Verifiable in Fiscal Year 2011-2012
4. Reductions in City Jobs and Services Do Not Reduce Per Employee Costs
5. Avoid Adverse Impact to Retirement Systems
6. Consider Inter-Relationship of Variations by Bargaining Unit
7. Transparency in Negotiations
8. Availability of Information Requests and Responses to be Public
9. Inclusion of Operational and Other Contractual Issues

Pursuant to the current agreements the City has with each of you, which expire on June 30, 2011, it is mutually agreed that the first meeting of the parties will be held no later than fifteen (15) calendar days after the City or Association receives notice from the other, which may be any date after January 1 of the year in which the current contract terminates.

For negotiations on a new contract other than retirement reform, we would like to know if you are interested in using the same negotiation structure that was used last year to reach an agreement. As you know, an agreement was reached in a coalition setting with the Association of Engineers and Architects (AEA), City Association of Management Personnel (CAMP), International Brotherhood of Electrical Workers (IBEW), Operating Engineers, Local No. 3 (OE#3) and the Association of Maintenance Supervisory Personnel (AMSP). Please let us know by January 5, 2011, if you are interested in using this same structure for the 2011 negotiations. Please note that a separate communication will be sent regarding negotiations over retirement benefits.

In the event you are interested in coalition bargaining again, the City would like to meet with you in order to determine whether we can reach an agreement to conduct negotiations in a coalition setting, including agreement on ground rules.

In the event you are not interested in coalition bargaining, please let us know and we will commence bargaining with those individual bargaining units in January 2011. Please note that once individual bargaining commences, the City would not be interested in coalition bargaining at a later date for these negotiations.

Given the significant issues that we will be discussing in negotiations, we would like to begin as early as possible in January. We propose that the first meeting, either in a coalition setting to discuss ground rules, or individually with each bargaining unit to commence bargaining, occur the week of January 10th. Since it will be our first meeting, we propose scheduling the meeting for two hours. Please let us know your availability during the week of January 10th.

Should you have any questions, please let me know.

Sincerely,



Alex Gurza
Director of Employee Relations

c: Gina Donnelly, Deputy Director of Employee Relations